



# **MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)/**

## **ANNUAL BUDGET - 2013-2014**

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## 1) Legal Background

### 1.1 MFMA

#### **Appropriation of funds for expenditure**

**15.** A municipality may, except where otherwise provided in this Act, incur expenditure only—

(a) in terms of an approved budget; and

(b) within the limits of the amounts appropriated for the different votes in an approved budget.

#### **Annual budgets**

**24.** (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget

(a) must be approved before the start of the budget year

(b) is approved by the adoption by the council of a resolution referred to in section 17 (3) (a) (i); and

(c) must be approved together with the adoption of resolutions as may be necessary

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;

(iv) approving any changes to the municipality's integrated development plan; and

(v) approving any changes to the municipality's budget – related policies.

(3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

### 1.2 Budget Regulations

Government Gazette no 32141, Local Government: Municipal Budget and Reporting Regulations

### 1.3 MFMA - Circulars 58, 59, 66 & 67(See Circulars attached).

The following paragraphs in circular 66 can be highlighted:

“1.1 Taking the 2011 Local Government and Expenditure Review forward

*In September 2011, National Treasury published the Local Government Budgets and Expenditure Review. Municipalities are urged to work through the document as part of their preparations for drafting their 2012/13 budgets and MTREF.*

*The Review highlights the following areas as requiring particular attention:*

- i. Revenue management – To ensure the collection of revenues, municipalities need to ensure that billing systems are accurate, send out accounts to residents and follow up to collect revenues owed.*
- ii. Collecting outstanding debts – This requires political commitment, sufficient administrative capacity, and pricing policies that ensure that bills are accurate and affordable, especially for poor households.*
- iii. Pricing services correctly – The full cost of services should be reflected in the price charged to residents who can afford to pay. Many municipalities offer overly generous subsidies and rebates that result in services being run at a loss, resulting in funds being diverted away from other priorities.*
- iv. Underspending on repairs and maintenance – Often seen as a way to reduce spending in the short term, underspending on maintenance can shorten the life of assets, increase long-term maintenance and refurbishment costs, and cause a deterioration in the reliability of services.*
- v. Spending on non-priorities – Many municipalities spend significant amounts on non-priority items including unnecessary travel, luxury furnishings, excessive catering and unwarranted public relations projects. Consultants are often used to perform routine tasks.”*

#### **“1.2 National priority – creating decent employment opportunities**

*Creating decent employment opportunities remains a national priority. In drafting their 2012/13 budgets and MTREFs all municipalities are urged to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Extended Public Works Programme.*

*Municipalities should not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term. The municipality ought to focus on maximizing its contribution to job creation by:*

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;*
- Ensuring that service providers use labour intensive approaches;*
- Supporting labour intensive LED projects;*

- *Participating fully in the Extended Public Works Programme; and*
- *Implementing interns programmes to provide young people with on-the-job training.*

*Municipalities also play a critical role in creating an enabling environment for investments and other activities that lead to job creation. In this regard, it is important for municipalities to pay particular attention to ensuring the timely delivery of their capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view to removing any regulatory bottlenecks to investment and job creation.*

*Priority ought to be given to:*

- *Ensuring that drinking water and waste water management meets the required quality standards at all times;*
- *Protecting the poor;*
- *Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;*
- *Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance; and*
- *Expediting spending on capital projects that are funded by conditional grants."*

#### "4.1 Eliminating non-priority spending

*Municipalities must pay special attention to controlling unnecessary spending on nice-to-have items and non-essential activities. The following examples of non-priority expenditure have been observed, and need to be eliminated:*

- *excessive sponsorship of festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;*
- *public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);*
- *LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;*
- *excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;*
- *arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);*
- *excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);*
- *excessive luxurious office accommodation and office furnishings;*
- *foreign travel by mayors, councillors and officials, particularly 'study tours';*

- excessive councilor and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances (certain of these may be irregular spending – see paragraph 4.8 below);
- excessive staff in the office of the mayor – particularly the appointment of political ‘advisors’ and ‘spokespersons’;
- all donations to individuals that are not made in terms of the municipality’s indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
- costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or ‘golden handshakes’; and
- the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants.”

Council and management must ensure that above legislation are complied with and that the guidelines of National Treasury in terms of circulars 58 and 59 are adhered to.

## **2) Meetings held with staff and Council**

The following meetings we held with staff and Council to discuss the 2013/14 multi-year budget. (Find attached the presentation and the minutes of the said meetings).

<b><u>Date</u></b>	<b><u>Type</u></b>	<b><u>Venue</u></b>
29 January 2013	Manager meeting	Ladismith Library
12 February 2013	Manager meeting	Ladismith Library

## **3) Financial Matters**

### 3.1 Financial Position

Kannaland is known as the poorest municipality in the Western Cape, with some of the greatest socio-economic challenges in the province. Kannaland has a significant deficit of resources and financial reserves, and cannot make a notable contribution to infrastructure investment or economic growth. The local economic climate is not favourable, with increasing unemployment, poverty and related social problems which have a negative impact on the community. The main challenges facing the municipality are related to service delivery at affordable tariffs, meeting obligations and establishing a stable and effective work force with the capacity to perform at the required standards.

The budget for 2013/2014 was a tough one due to numerous factors, lack of proper information, poor and incorrect statistics, incorrect allocations due to improper budgeting the prior years and the public’s poor response to register for Indigent Subsidy.

The current financial status of this municipality is in dire straits. This however does not mean that Council and management cannot turn around this negative financial situation.

Several interventions have already been implemented, which include the following:

- Preparing, adopting and implementation of a revenue management strategy
- Various debtor cleansing activities
- Appointing a debt collecting (legal) firm
- Various meter management activities
- determining of market related tariffs, more specifically electricity and water
- the drafting and adoption of a electricity management strategy to ensure that this utility remains financial viable
- Zoar street-naming finalised, in order to deliver monthly accounts to the +- 2000 households
- Obtaining of legal option to determine the status of property ownership in Zoar (act 9), in order for us to collect outstanding debt
- Appointment of credit control staff in all of the towns within Kannaland
- Revised the credit control policy
- Drafted income management bylaws that will be adopted by Council by now later then the end of March 2013
- Cash management, liability and investment policy was drafted and adopted by Council to ensure proper management of external funding
- Establishment of an asset management unit to implement controls and procedures to safeguard Councils assets
- ***But most importantly, to intervene in the way the income department of Kannaland Municipality is currently been mismanaged.***

### 3.2 Credit Control and Debt Management

Since the recession in 2008 to date the challenges for Local Government is to ensure that the outstanding debt control of Municipality stay at a sound level and that the expenditure incurred is in line with the cash received from the public and Government.

Due to the recession the outstanding debt control at Local Government level has escalated to levels beyond the point of no return which means that the outstanding debt of Local Authorities exceeds their annual budgeted income from the public.

For example Kannaland is budgeting R68.6 Million (2013/2014) income from services and rates with an estimated outstanding debt of R45.3 Million as at 30 June 2013. The outstanding debt as at 30 June 2012 was R52.6 Million. An amount of R19.3 Million was written off during the first half of 2012/2013.

Therefor proper debt collection and credit control should be maintained during the next financial year.

Council appointed a local legal firm during the month of October 2011 to assist with the legal recovery of collectable debt. The benefits of this intervention will only be known in the 2013/14 financial year as this project will cover all the towns of Kannaland including rural property debt.

Metering is identified as a major concern which the municipality is currently and vigorously addressing. Meter readers were in the past not supervised during the reading process and items listed on exception reports were not all followed up. Meter readings were not captured correctly and it was never reviewed. Water and electricity losses are way above the standard industry norms.

Management also identified the following control deficiencies within the income department environment:

- The lack of internal controls within the meter reading and debtor billing environment is as old as the establishment of Kannaland Municipality itself, way back in 2000/2001
- Incompetent staff appointed within the meter reading and billing departments to oversee this function over the years
- The lack to oversee the roles and responsibilities of staff in the various departments by the heads of departments responsible for oversight over the years.
- The lack of co-ordination between the Finance, Corporate and Technical departments over the years
- The lack of upgrading and maintaining meter reading and billing systems over the years.

The lack of proper monthly activity planning by heads within the Finance department over the years.

### 3.3 Supply Chain Management

The biggest challenge for Supply Chain Management is to comply with the provisions of the Council's approved Supply Chain Management Policy. It is suggested that due to the existence of an Inventory Stores Department in Kannaland Municipality, annual tenders be called, for supplies to the Inventory Stores Department to lower the cost to council and that minimum levels of stock be maintained at all times especially slow moving stock.

The current method of purchases is not ideal due to the fact that not sufficient quotations or tenders are obtained to acquire goods and services due to the lack of planning (Demand managed) and was discovered through the obtaining of information during the budget process.

Current resources however do not allow us to fully implement the roll and functions of a fully capacity SCM Unit and to ensure that Council comply with legislation.

It is however important that Council ensures that management do have the necessary resources, and limit non- essential expenditure for that purpose.

### 3.4 Asset Management

Asset management requires funds to repair and maintain the Council's Assets and with a 4% of expenditure available for Repairs and Maintenance it is impossible to properly maintain assets. It is suggested that with proper planning in place preventative maintenance must be achieved and that will save Council a lot of money as well as replacement of assets before it is necessary.

Inadequate maintenance management of municipal assets took place during the current and previous financial years leaving some assets to be in a poor condition.

Inadequate controls are in place to ensure that effective safeguarding is implemented and maintained, over property, plant and equipment (PPE). There has been a lack of responsibility, to ensure that all the items of PPE have been managed effectively, safe guarded and regularly maintained. The municipality does not have a proper control over its fleet management system. Municipality does not have an asset maintenance policy. In instances of accidents, damages not reported to asset Management department and cost claimed and disciplinary procedures institutes. Transfer of fixed assets occur without notifying the asset Management department

The following key issues were identified by the CFO during the recent risk management workshop held with the internal auditors:

- Transfer of fixed assets without notifying the Asset Management department
- Inaccurate valuations and not all property for the municipality registered on the valuation roll
- Not all income received from municipal property rented out
- Incomplete Asset register
- Asset counts not performed as prescribed

### 3.5 Water & Electricity Losses

Bulk water meters was installed during November 2012, water losses through breakages and leakages can now be determined. Another factor is the accuracy for the old water meters installed. Tests should be run to establish the accuracy of some of the water meters installed in Kannaland to determine the level of losses that can be expected.

Efforts were made to ensure that accurate meter readings are being taken and various faults were detected and corrected.

Of concern also are electricity line losses because currently it is in the region of 20% which is to mind very high for overhead conductors being used in Kannaland. Investigations should be done in the near future by Consulting Electrical Engineers to seek for a solution to the problem.

Efforts were made to ensure that accurate meter readings are being taken and various faults were detected and corrected.

### 3.6 ZOAR - Water

Zoar is creating a problem regarding the usage of water, tampering with meters, refusing payments for any services rendered and is the main reason for the steep increase in outstanding debtors. A further problem is the registration for indigent subsidy which hampers the allocation of the Equitable Share from Government.

### 3.7 Financial Controls

Sound financial controls should be established whereby the preparation for payment to creditors are done on a weekly basis (Thursdays) and payments on Fridays. The cash flow of the municipality should be monitored on a daily basis and the creditors age analysis be maintained and kept up to date daily to determine the sequence of payments to get the creditors back on at least 60 days outstanding.

Currently the outstanding creditors is +- R20.6 Million of which R18.5 Million is between 60 and 365 days and current R2.1 Million with the balance between 30 and 60 days. The excessive amounts are being for Bulk Purchases R13.1 Million SARS R3.5 Million and trade creditors R1.9 Million.

All documentation should be attached to the payment vouchers, ie:

Orders, requisitions, invoices, statements, quotations and tenders.

### 3.8 Traffic fines

Income in respect of traffic fines has decreased over the past two years from R2.3 Million to an expected R1.5 Million for the current financial year. The budget for 2013/2014 amounts to R1.4 Million and all efforts should be made to realise this income for 2013/2014.

### 3.09 Human Resources

An Amount of R3 676 600 have been included in the budget for critical vacant positions.

It is suggested that overtime and standby no longer be paid but time given off instead. By doing this we will be able to save R1 312 890. Standby allowances should be reduced to staff that is on standby for essential services such as water and electricity. No other standby should be paid to any other employees not really on standby for essential services (For example managers of departments/sub departments.)

#### **4) Budget (Operating and Capital)**

##### Revenue budget

The total revenue budget of Kannaland Municipality increased from R 124,9 m (2012/13 adjustment budget) to a record high R 132, 7 m for the 2013/14 budget year.

It is clear that Kannaland Municipality is depending a lot on Service Charges and Government Subsidies.

This increase in revenue can be contributed to the following:

Tariff increases (Proposed tariff list is attached to this report):

<b>Service Charge</b>	<b>% increase for the 2013/14 budget year</b>
Water	31 %
Electricity	Households – (Will be confirmed at Council meeting 31 May 2013) Industries – 5.21%
Refuse	49 %
Sanitation	1 %
Property Rates	6.2%

##### **1. Property Rates**

Property Rates charged for the 2012/13 financial year amounts to R8, 9 m of which R 3,6 m has already been received.

A special tariff of R35 per month per property (excluding indigent properties) will be levied only for the 2013/14 financial year to fund the General Valuation.

##### **2. Service Charges**

Tariff Setting Tools provided by Provincial Treasury were used to calculate the new tariffs. The total delivery cost, plus a profit margin, were used to calculate the different tariffs for services.

### 3. Grant Income

Grant Income for 2012/13 amounted to R60,6 m. and decreased to R 57,5m for 2013/14. The decrease being a lesser amount allocated for Housing.

### 4. Interest from Debtors

An amount of R 1,15 m were incorporated as interest from services as it will be levied as from February 2013.

### 5. Other Income (Fines, Agency fee, Rent of Facilities, etc.)

*Fines* – Income from fines were decreased due to the non-realisation of budgeted income during 2012/13.

The following table illustrates the DORA allocations that will be received from National and Provincial Government and that is included in the 2013/14 budget projections.

Grants and Subsidies 2013-2014			
		2013-2014	
<u>National Allocations</u>		<u>Operational</u>	<u>Capital</u>
Equitable Share	20 051 000	20 051 000	
FMG	1 400 000	1 400 000	
MSIG	890 000	890 000	
EPWP	1 000 000	1 000 000	
MIG	10 934 000	546 700	10 387 300
Intergrated National Elec Programme	16 700 000		16 700 000
Regional Bulk Infrastructure	4 500 000		4 500 000
<u>Provincila Allocations</u>			
Human Settlement Grant	544 000		544 000
DWA - Accelerated Community Infrastructure Programme	1 600 000		1 600 000
Transport Infrastructure	36 250	36 250	
Library : Replacement Grant	1 130 000	1 130 000	
Library: Conditional Grant	244 000	244 000	
<b>Total</b>		59 029 250	25 297 950
			33 731 300

### Expenditure budget

The total expenditure budget of Kannaland Municipality increased from R 89,1 m (2012/13 adjustment budget) to R 98,0 m for the 2013/14 budget year.

### *Repairs and Maintenance*

Repairs and Maintenance should be 10% of operating expenditure, but Kannaland is currently at 4%. Repairs and maintenance regarding water services increased from R 686,170.00 in the 2012/13 budget year to R 722,080.00 in the 2013/14 budget year.

Repairs and maintenance regarding electricity services decreased from R 1.1 m in the 2012/13 budget year to a mere R 397 080.00 in the 2013/14 budget year, which is not in line with the provisions of circular 66 of the MFMA. Repairs and maintenance regarding refuse services decreased from R 517,730.00 to R 494,120.00 in the 2013/14 budget year.

Repairs and maintenance regarding sanitation services decreased from R 392,810.00 in the 2012/13 budget year to R 350,230.00 in the 2013/14 budget year.

Council should re-calculate the Repairs and maintenance budget and implement drastic controls by means of reducing other cost centrums and assisting the finance department in terms of revenue enhancement to optimize revenue. This will include a debtors data cleansing process to bill services that are not currently been billed, credit control, managing the water distribution in Zoar and controlling electricity losses within Calitzdorp and Ladismith.

### ***Employee cost***

Employee cost increased from 31% to 37% of the total expenditure budget and does include vacant and new critical posts. A salary increase of 6.5 % has been budgeted for.

The Following vacant post were budgeted for: Manager: Human Resources, Data capturers (Clerks) x2, Creditors clerk x 1, Accountant Property Rates, Clerk (GRAP), Clerk (Budget), Secretary – office of the CFO, Deputy CFO, IT Technician x2, Manager Data Processing x1, Human Resource Clerks x2 and Head Traffic Services.

Limited overtime and standby have been budgeted for, but should be monitored and minimised.

### ***Councillor Remuneration***

Kannaland Municipality have 7 Councillors consisting of 3 full time (Mayor, Deputy Mayor and Speaker) and 4 part time Councillors.

COUNCIL RENUMERATION 2013/14						
Determination of Municipality's Grade						
Population	26000	8.33				
Income	R46 million	25				
Total points		33.33				
Grade		2				
Remuneration Councillors- Kannaland 2013/14						
Councillor	Salary	Car Allowance	Telephone	Total	2013/2014	Telephone total
Mayor	453 345.00	151 115.00		604 460.00	19 872.00	624 332.00
Deputy Mayor	362 676.00	120 892.00		483 568.00	19 872.00	503 440.00
Speaker	362 676.00	120 892.00		483 568.00	19 872.00	503 440.00
	-			-		-
4 Councillors	544 014.00	181 338.00		725 352.00	49 584.00	774 936.00
Total	1 722 711.00	574 237.00	-	2 296 948.00	-	109 200.00
						2 406 148.00

The Total Budget for Councillor Remuneration for 2013/14 is R2.4 m.

### ***Depreciation***

It is alarming that the depreciation on councils assets amounts to 9% of the total expenditure budget, which means that the assets is depreciating at a faster rate than it is maintained (Repairs and Maintenance should be in line with Depreciation).

### ***Bulk purchases***

Bulk purchases increased from R 22,2 m for the 2012/13 budget year to R 23,9 m for the 2013/14 budget year. This increase relates to the increases of the Eskom electricity tariffs that will be implemented from the 1<sup>st</sup> of July 2013. Council should relook at the Eskom account structure to ensure that best cost structure is paid for. For example: Calitzdorp is current billed per rural tariff by Eskom. If structured as urban and the maximum KVA is increased from 1200 to 1700, the Eskom bill for Calitzdorp can be reduced by R 1 m per annum.

### ***General Expenditure***

Included in General expenditure are the following:

*Legal fees* – It should be noted that only R250 000 are budgeted for Legal fees and expenditure relating to this cost should be minimized.

*Audit fee* – R2.1m have been included

*Tourism & Community Events* – Provision have been made for Eden FM and Tourism Boards and no increases were allowed.

*Insurance* - The Budget for Insurance have decreased due to the poor repairs and maintenance on assets.

#### *Ward projects included in the 2013/14 Budget*

No ward projects that was identified by the various wards have been included in the Kannaland Municipality's budget:

#### Capital Budget

The total capital budget of Kannaland Municipality decreased from R 35,7 m (2012/13 adjustment budget) to R 33,7 m for the 2013/14 budget year (See table 4.6 for detail description of the Capital Budget).

The following tables and schedules are the prescribed formats of National Treasury and are used as supporting documentation to discuss this budget report:

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## 4.1) Budget Summary

WC041 Kannaland - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15
<b>Financial Performance</b>										
Property rates	6 117	7 793	8 343	8 925	8 976	8 976	8 976	12 118	11 049	11 712
Service charges	27 413	32 114	36 561	46 974	50 370	50 370	50 370	56 590	59 623	63 201
Investment revenue	899	642	715	256	256	256	256	268	282	299
Transfers recognised - operational	18 865	20 988	25 748	25 250	25 574	25 574	25 574	25 298	25 658	27 238
Other own revenue	4 477	3 870	11 964	3 299	4 624	4 624	4 624	4 627	4 796	5 083
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>57 770</b>	<b>65 407</b>	<b>83 330</b>	<b>84 703</b>	<b>89 799</b>	<b>89 799</b>	<b>89 799</b>	<b>98 901</b>	<b>101 408</b>	<b>107 532</b>
Employee costs	21 002	24 347	28 620	27 721	27 766	27 766	27 766	36 069	35 719	37 644
Remuneration of councillors	2 354	2 848	3 040	2 446	2 446	2 446	2 446	2 406	2 697	2 859
Depreciation & asset impairment	8 049	8 176	8 728	8 335	8 335	8 335	8 335	8 746	9 183	9 508
Finance charges	2 076	2 693	2 656	1 245	1 245	1 245	1 245	1 182	1 111	1 174
Materials and bulk purchases	16 227	17 917	20 379	20 214	22 214	22 214	22 214	23 978	25 882	27 435
Transfers and grants	11 353	4 236	9 373	26 005	40 715	40 715	40 715	37 298	28 748	36 468
Other expenditure	17 128	16 325	20 173	19 668	22 195	22 195	22 195	22 952	20 779	22 036
<b>Total Expenditure</b>	<b>78 188</b>	<b>76 540</b>	<b>92 970</b>	<b>105 633</b>	<b>124 915</b>	<b>124 915</b>	<b>124 915</b>	<b>132 631</b>	<b>124 119</b>	<b>137 124</b>
<b>Surplus/(Deficit)</b>	<b>(20 418)</b>	<b>(11 133)</b>	<b>(9 640)</b>	<b>(20 930)</b>	<b>(35 116)</b>	<b>(35 116)</b>	<b>(35 116)</b>	<b>(33 730)</b>	<b>(22 711)</b>	<b>(29 592)</b>
Transfers recognised - capital	–	11 467	16 197	20 980	35 126	35 126	35 126	33 731	26 214	33 751
Contributions recognised - capital & contributed a	17 344	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(3 074)</b>	<b>333</b>	<b>6 557</b>	<b>50</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>2</b>	<b>3 503</b>	<b>4 159</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>(3 074)</b>	<b>333</b>	<b>6 557</b>	<b>50</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>2</b>	<b>3 503</b>	<b>4 159</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	–	–	11 467	21 665	35 731	35 731	35 731	34 563	26 958	34 528
Transfers recognised - capital	–	–	11 343	20 980	35 126	35 126	35 126	33 731	26 214	33 751
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	124	685	605	605	605	832	744	777
<b>Total sources of capital funds</b>	<b>–</b>	<b>–</b>	<b>11 467</b>	<b>21 665</b>	<b>35 731</b>	<b>35 731</b>	<b>35 731</b>	<b>34 563</b>	<b>26 958</b>	<b>34 528</b>
<b>Financial position</b>										
Total current assets	8 328	8 071	12 515	4 085	4 085	4 081	4 081	–	–	–
Total non current assets	201 506	201 375	210 373	192 267	192 267	187 000	187 000	204 969	204 969	204 969
Total current liabilities	22 754	23 713	37 037	20 039	20 039	19 471	19 471	23 300	23 300	23 300
Total non current liabilities	27 221	24 950	18 512	21 946	21 946	21 946	21 946	18 993	16 139	15 453
Community wealth/Equity	159 859	160 782	167 339	154 366	154 366	149 664	149 664	162 676	165 530	166 216
<b>Cash flows</b>										
Net cash from (used) operating	7 964	6 109	24 701	15 655	6 303	16 077	16 077	29 746	24 531	31 938
Net cash from (used) investing	(12 499)	(8 054)	(17 727)	(15 144)	(15 144)	(15 144)	(15 144)	(22 672)	(26 739)	(34 555)
Net cash from (used) financing	(272)	(449)	(7 457)	(388)	(388)	(388)	(388)	547	615	695
<b>Cash/cash equivalents at the year end</b>	<b>3 247</b>	<b>853</b>	<b>371</b>	<b>1 065</b>	<b>(8 287)</b>	<b>545</b>	<b>1 487</b>	<b>9 108</b>	<b>7 515</b>	<b>5 594</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	5 996	3 977	3 922	4 021	4 021	–	–	–	–	–
Application of cash and investments	15 315	14 778	24 438	12 938	13 467	13 547	13 547	20 000	20 000	20 000
<b>Balance - surplus (shortfall)</b>	<b>(9 319)</b>	<b>(10 801)</b>	<b>(20 515)</b>	<b>(8 917)</b>	<b>(9 446)</b>	<b>(13 547)</b>	<b>(13 547)</b>	<b>(20 000)</b>	<b>(20 000)</b>	<b>(20 000)</b>
<b>Asset management</b>										
Asset register summary (WDV)	198 669	198 122	206 726	188 241	188 241	187 000	204 969	204 969	204 969	204 969
Depreciation & asset impairment	8 049	8 176	8 728	8 335	8 335	8 335	8 746	8 746	9 183	9 508
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	2 359	1 506	1 835	4 424	4 113	4 113	3 540	3 540	3 718	3 937
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

## **4.2) Budgeted Financial Performance (Revenue and Expenditure by Standard classification)**

WC041 Kannaland - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		23 514	22 162	37 747	17 325	19 671	19 671	22 386	22 052	23 387
Executive and council		641	7 933	18 615	922	2 209	2 209	1 896	2 101	2 200
Budget and treasury office		20 105	14 229	1 395	3 155	4 244	4 244	3 879	4 214	4 498
Corporate services		2 767	–	17 738	13 248	13 218	13 218	16 611	15 736	16 689
<i>Community and public safety</i>		119	769	3 180	7 182	23 045	23 045	2 268	7 114	7 953
Community and social services		–	685	1 472	2 097	4 035	4 035	1 656	1 763	1 879
Sport and recreation		12	16	17	16	16	16	37	37	38
Public safety		–	–	1 692	–	–	–	–	–	–
Housing		107	69	–	5 069	18 994	18 994	576	5 313	6 035
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		9 014	2 275	–	14 600	14 921	14 921	14 112	12 141	12 608
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		9 014	2 275	–	14 600	14 921	14 921	14 112	12 141	12 608
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		42 468	51 667	58 600	66 577	67 287	67 287	93 867	86 314	97 336
Electricity		22 265	32 637	32 248	37 677	38 384	38 384	55 619	46 245	52 669
Water		9 609	6 893	10 547	9 761	10 927	10 927	14 821	15 531	18 819
Waste water management		5 870	–	9 884	10 249	9 248	9 248	14 205	14 931	15 656
Waste management		4 725	12 138	5 921	8 890	8 728	8 728	9 221	9 607	10 191
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Standard</b>	2	75 114	76 874	99 527	105 683	124 925	124 925	132 633	127 621	141 283
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		32 625	26 530	36 795	32 613	35 641	35 641	42 367	39 967	42 337
Executive and council		6 202	18 121	13 711	10 957	11 963	11 963	13 869	13 466	14 214
Budget and treasury office		23 179	8 409	11 827	14 271	15 735	15 735	17 851	18 292	19 420
Corporate services		3 245	–	11 257	7 386	7 943	7 943	10 646	8 210	8 702
<i>Community and public safety</i>		1 457	10 081	12 588	10 432	26 305	26 305	5 775	10 672	11 698
Community and social services		–	9 495	10 318	3 818	5 740	5 740	3 581	3 669	3 871
Sport and recreation		757	240	346	837	859	859	944	915	970
Public safety		–	–	1 923	–	–	–	–	–	–
Housing		700	346	–	5 777	19 707	19 707	1 249	6 088	6 857
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		7 251	1 833	–	19 074	19 201	19 201	18 531	16 256	16 622
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		7 251	1 833	–	19 074	19 201	19 201	18 531	16 256	16 622
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		36 855	38 096	43 587	43 515	43 768	43 768	65 959	57 223	66 467
Electricity		22 779	22 042	26 563	29 377	28 926	28 926	44 406	35 760	41 545
Water		9 197	7 287	6 969	6 959	7 649	7 649	10 657	10 854	13 856
Waste water management		3 165	–	6 275	4 567	4 583	4 583	8 039	7 871	8 164
Waste management		1 715	8 767	3 780	2 611	2 609	2 609	2 858	2 738	2 902
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
<b>Total Expenditure - Standard</b>	3	78 188	76 540	92 970	105 633	124 915	124 915	132 631	124 119	137 124
<b>Surplus/(Deficit) for the year</b>		(3 074)	333	6 557	50	10	10	2	3 503	4 159

### 4.3) Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote )

WC041 Kannaland - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue by Vote</b>	1									
Vote 1 - Executive Council		641	6 198	18 615	922	2 209	2 209	1 896	2 101	2 200
Vote 2 - Corporate Services		2 886	2 772	20 918	9 224	25 257	25 257	4 424	9 337	10 310
Vote 3 - Financial Services		20 105	15 923	1 395	16 403	17 462	17 462	20 474	19 934	21 169
Vote 4 - Technical Services		51 482	51 980	58 600	79 135	79 997	79 997	105 839	96 249	107 604
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	75 114	76 874	99 527	105 683	124 925	124 925	132 633	127 621	141 283
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive Council		6 202	9 910	13 711	10 957	11 963	11 963	13 869	13 466	14 214
Vote 2 - Corporate Services		4 701	15 799	23 845	18 809	34 698	34 698	15 893	20 128	21 596
Vote 3 - Financial Services		23 179	12 422	11 827	15 182	17 188	17 188	20 921	19 153	20 333
Vote 4 - Technical Services		44 106	38 408	43 587	60 686	61 066	61 066	81 948	71 372	80 980
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	78 188	76 540	92 970	105 633	124 915	124 915	132 631	124 119	137 124
<b>Surplus/(Deficit) for the year</b>	2	(3 074)	333	6 557	50	10	10	2	3 503	4 159

#### 4.4) Financial Performance (Revenue and Expenditure)

WC041 Kannaland - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>											
Property rates	2	6 117	7 793	8 343	8 925	8 976	8 976	8 976	12 118	11 049	11 712
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	15 929	19 852	22 865	28 172	31 740	31 740	31 740	34 508	35 616	37 753
Service charges - water revenue	2	3 804	4 097	5 099	7 069	7 709	7 709	7 709	9 637	10 215	10 828
Service charges - sanitation revenue	2	3 988	4 245	4 418	6 261	5 448	5 448	5 448	6 629	7 760	8 225
Service charges - refuse revenue	2	3 692	3 920	4 179	5 472	5 472	5 472	5 472	5 815	6 033	6 395
Service charges - other											
Rental of facilities and equipment		387	294	220	333	270	270	270	273	291	308
Interest earned - external investments		899	642	715	256	256	256	256	268	282	299
Interest earned - outstanding debtors		660	827	872	525	1 711	1 711	1 711	1 844	1 920	2 035
Dividends received						-	-	-			
Fines		2 420	1 717	1 050	1 520	1 521	1 521	1 521	1 592	1 626	1 724
Licences and permits		105	163	101	2	32	32	32	2	2	2
Agency services		287	508	541	521	665	665	665	551	584	619
Transfers recognised - operational		18 865	20 988	25 748	25 250	25 574	25 574	25 574	25 298	25 658	27 238
Other revenue	2	618	361	9 144	397	425	425	425	366	373	394
Gains on disposal of PPE				35							
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>57 770</b>	<b>65 407</b>	<b>83 330</b>	<b>84 703</b>	<b>89 799</b>	<b>89 799</b>	<b>89 799</b>	<b>98 901</b>	<b>101 408</b>	<b>107 532</b>
<b>Expenditure By Type</b>											
Employee related costs	2	21 002	24 347	28 620	27 721	27 766	27 766	27 766	36 069	35 719	37 644
Remuneration of councillors		2 354	2 848	3 040	2 446	2 446	2 446	2 446	2 406	2 697	2 859
Debt impairment	3	4 649	4 775	3 908	2 731	2 731	2 731	2 731	2 420	2 541	2 691
Depreciation & asset impairment	2	8 049	8 176	8 728	8 335	8 335	8 335	8 335	8 746	9 183	9 508
Finance charges		2 076	2 693	2 656	1 245	1 245	1 245	1 245	1 182	1 111	1 174
Bulk purchases	2	16 227	17 917	20 379	20 214	22 214	22 214	22 214	23 978	25 882	27 435
Other materials	8										
Contracted services		85	660	1 095	-	-	-	-	-	-	-
Transfers and grants		11 353	4 236	9 373	26 005	40 715	40 715	40 715	37 298	28 748	36 468
Other expenditure	4, 5	11 742	10 890	15 171	16 937	19 463	19 463	19 463	20 532	18 238	19 344
Loss on disposal of PPE		653									
<b>Total Expenditure</b>		<b>78 188</b>	<b>76 540</b>	<b>92 970</b>	<b>105 633</b>	<b>124 915</b>	<b>124 915</b>	<b>124 915</b>	<b>132 631</b>	<b>124 119</b>	<b>137 124</b>
<b>Surplus/(Deficit)</b>		(20 418)	(11 133)	(9 640)	(20 930)	(35 116)	(35 116)	(35 116)	(33 730)	(22 711)	(29 592)
Transfers recognised - capital			11 467	16 197	20 980	35 126	35 126	35 126	33 731	26 214	33 751
Contributions recognised - capital	6	17 344	-	-	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(3 074)	333	6 557	50	10	10	10	2	3 503	4 159
Taxation											
<b>Surplus/(Deficit) after taxation</b>		(3 074)	333	6 557	50	10	10	10	2	3 503	4 159
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		(3 074)	333	6 557	50	10	10	10	2	3 503	4 159
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		(3 074)	333	6 557	50	10	10	10	2	3 503	4 159

## 4.5) Budgeted Capital Expenditure by vote , standard classification and funding

WC041 Kannaland - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref 1	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive Council		-	-	11	-	-	-	30	-	-	
Vote 2 - Corporate Services		-	-	323	5 049	20 974	20 974	637	5 280	6 000	
Vote 3 - Financial Services		-	-	28	500	420	420	525	551	584	
Vote 4 - Technical Services		-	-	11 105	16 116	14 337	14 337	33 371	21 126	27 944	
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	
<b>Capital multi-year expenditure sub-total</b>	7	-	-	11 467	21 665	35 731	35 731	35 731	34 563	26 958	34 528
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive Council		-	-	-	-	-	-	-	-	-	
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	
Vote 4 - Technical Services		-	-	-	-	-	-	-	-	-	
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	
<b>Capital single-year expenditure sub-total</b>	-	-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditure - Vote</b>	-	-	11 467	21 665	35 731	35 731	35 731	34 563	26 958	34 528	
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		-	-	105	500	420	420	420	648	551	584
Executive and council				11	-	-	-	-	30		
Budget and treasury office				28	500	420	420	420	525	551	584
Corporate services				66	-	-	-	-	93		
<b>Community and public safety</b>	-	-	257	5 049	20 974	20 974	20 974	544	5 280	6 000	
Community and social services				11	10	2 010	2 010	2 010			
Sport and recreation				238	-	-	-	-			
Public safety				8	-	-	-	-			
Housing					5 039	18 964	18 964	18 964	544	5 280	6 000
Health					-	-	-	-			
<b>Economic and environmental services</b>	-	-	5 017	11 116	11 268	11 268	11 268	10 571	9 626	9 944	
Planning and development					-	-	-				
Road transport				5 017	11 116	11 268	11 268	11 268	10 571	9 626	9 944
Environmental protection					-	-	-				
<b>Trading services</b>	-	-	6 088	5 000	2 417	2 417	2 417	22 800	11 500	18 000	
Electricity				5 334	5 000	2 417	2 417	2 417	16 700	6 000	10 000
Water				80	-	-	-	-	4 100	2 500	5 000
Waste water management				673	-	-	-	-	2 000	3 000	3 000
Waste management					-	-	-				
<b>Other</b>					652	652	652	652			
<b>Total Capital Expenditure - Standard</b>	3	-	-	11 467	21 665	35 731	35 731	35 731	34 563	26 958	34 528
<b>Funded by:</b>											
National Government				10 351	15 941	13 358	13 358	13 358	31 587	20 934	27 751
Provincial Government				991	5 039	20 964	20 964	20 964	544	5 280	6 000
District Municipality					-	-	-	-			
Other transfers and grants					804	804	804	804	1 600		
<b>Transfers recognised - capital</b>	4	-	-	11 343	20 980	35 126	35 126	35 126	33 731	26 214	33 751
<b>Public contributions &amp; donations</b>	5										
<b>Borrowing</b>	6			124	685	605	605	605	832	744	777
<b>Total Capital Funding</b>	7	-	-	11 467	21 665	35 731	35 731	35 731	34 563	26 958	34 528

## 4.6 Capital Budget 2013- 2016

KAPITAAL BEGROTING / CAPITAL BUDGET 2013-2014						
DEPARTMENT	Total	Capital Contribution	MIG	Housing	Regional Bulk Infrastructure	Intergrated National Electrification Programme
Executive & Council	15 000	15 000				
Municipal Manager	15 000	15 000				
Corporate Services	58 000	58 000				
Finance & Admin	525 000	525 000				
Housing	544 000			544 000		
Traffic Services	35 000	35 000				
Community Service	-					
Waste Management - Sewerage	2 000 000				2 000 000	
Waste Management - Sewerage	1 600 000				1 600 000	
Technical Service	10 571 050	183 750	10 387 300			
Water	2 500 000				2 500 000	
Electricity	16 700 000					16 700 000
	34 563 050	831 750	10 387 300	544 000	6 100 000	16 700 000

  

KAPITAAL BEGROTING / CAPITAL BUDGET 2014-2015						
DEPARTMENT	Total	Capital Contribution	MIG	Housing	Regional Bulk Infrastructure	Intergrated National Electrification Programme
Executive & Council	-					
Finance & Admin	551 250	551 250				
Housing	5 280 000			5 280 000		
Community Service	-					
Waste Management - Sewerage	3 000 000				3 000 000	
Technical Service	9 626 440	192 940	9 433 500			
Water	2 500 000				2 500 000	
Electricity	6 000 000					6 000 000
	26 957 690	744 190	9 433 500	5 280 000	5 500 000	6 000 000

  

KAPITAAL BEGROTING / CAPITAL BUDGET 2015-2016						
DEPARTMENT	Total	Capital Contribution	MIG	Housing	Regional Bulk Infrastructure	Intergrated National Electrification Programme
Executive & Council	-					
Finance & Admin	777 270	777 270				
Housing	6 000 000			6 000 000		
Community Service	-					
Waste Management - Sewerage	3 000 000				3 000 000	
Technical Service	9 750 800		9 750 800			
Water	5 000 000				5 000 000	
Electricity	10 000 000					10 000 000
	34 528 070	777 270	9 750 800	6 000 000	8 000 000	10 000 000

### *Capital Contributions*

These amounts that have been budgeted for (R 720 730 - 2013/14), is mainly to upgrade Councils IT networks, data back-up, data recovery, and licensing.

### *Municipal Infrastructure grant (MIG)*

The MIG is entering its ninth year of implementation in the 2012/13 budget year. The MIG programme is aimed at providing infrastructure for all South Africans to access at least a basic level of service by the year 2014. The purpose of the MIG is to provide specific capital finance for basic infrastructure backlogs for poor households, to micro enterprises and social institutions servicing the poor. Since the programme is aimed at providing capital finance for basic infrastructure backlog for the poor, priority should be given to meet the basic infrastructure needs.

An amount of R 10,934,000.00 will be received for the 2013/14 budget year in the form of a MIG allocation and will consist of the following projects.

Project	R
Zoar - Rehabilitate Water Reticulation, New Scour, Air & Isolation Valves	R 2 000 000
Ladismith - New Waste Water Treatment Works - Queen Street Upgrade	R 2 966 050 R 3 031 250
Zoar – Upgrade Sports Field	R 390 000
Van Wyksdorp - New Roads	R 2 000 000
Calitzdorp - New Bulk Water Supply Ph3	R
PMU 2012/13	R 546 700

## **5. Budget request received, not included in the budget**

The following requests were received, but could not be included in the budget due to the reasons as indicated:

<b>Request</b>	<b>Reason not included in the Budget</b>
Wage workers	Proposed tariff increases cannot justify this expenditure
Grants in Aid	See paragraph 4.1 of MFMA circular 58 (eliminating non-priority spending)
Study loans and Bursaries	Proposed tariff increases cannot justify this expenditure / See paragraph 4.1 of MFMA circular 58 (eliminating non-priority spending)
Discretionary funds for Mayor and Deputy Mayor	Proposed tariff increases cannot justify this expenditure / See paragraph 4.1 of MFMA circular 58 (eliminating non-priority spending)

## **6. AANBEVELING**

1. Dat die Meerjarige Konsep Bedryfsbegroting vir 2013/14 – 2015/16 oorweeg word vir goedkeuring in terme van artikel 16(2) van die MFMA.

<b>Operating Budget</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>Operating Income</b>	<b>132 632 520</b>	<b>127 621 300</b>	<b>141 282 920</b>
<b>Operating Expenditure</b>	<b>98 067 880</b>	<b>97 160 960</b>	<b>102 595 690</b>

2. Dat die Meerjarige Konsep Kapitaalbegroting vir 2013/14 – 2015/16 oorweeg word vir goedkeuring in terme van artikel 16(2) van die MFMA.

<b>Capital Budget</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>Capital Budget</b>	<b>34 563 050</b>	<b>26 957 690</b>	<b>34 528 070</b>

3. Dat die tariefverhogings vir die 2013/14 finansiele jaar soos volg oorweeg sal word vir goedkeuring:

- Elektrisiteit

Average Increase Households	Will be confirmed at Council meeting
Average Increase Industries	5.21%

- Eiendomsbelasting - 6.2 %
- Water - 31 %
- Sanitasie - 1 %
- Vullisverwydering - 49 %
- Alle ander tariewe - 6%

4. Dat die Munisipaliteit se Begrotings-, Dienslewerings- en Ontwikkelingsplan voorgelê word aan die Burgermeesterskomitee binne die tydramwerk soos uiteengesit in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur ( Artikel 53(1)(c)(ii)).
5. Dat bestuur met voorstelle aan die Raad verslagdoen insake beter kontroles oor vervoerttoelae, oortyd en bystand betalings.
6. Dat bestuur met voorstelle aan die Raad verslagdoen insake die Zoar water voorsiening en verrekening van kostes situasie wat nie finansieel na wense is nie.

7. Dat bestuur met voorstelle aan die Raad verslagdoen insake alle elektrisiteits verliese situasie wat nie finansieel na wense is nie.
8. Dat bestuur met voorstelle aan die Raad verslagdoen insake die aanspreek van die struktuur van die huidige Eskom rekeninge om 'n beter koste struktuur te bewerkstellig.
9. Dat die Raad kennis neem van:
  - (a) Finansiële Beleide nl:
    - (1) Begrotings Beleid
    - (2) Deernis Beleid
    - (3) Befondsing en Reserwe Beleid
    - (4) Bank, Kontantbestuur en Beleggings Beleid
    - (5) Voorsieningskanaal beleid
    - (6) Krediet en Skuldinvordeing Beleid
    - (7) Tarief Beleid, en
    - (8) Eiendomsbelasting Beleid
  - (b) MFMA omsendbriewe :
    - (1) No 58 - Begrotings proses 2012/13
    - (2) No 59 - Begrotingsproses 2012/13
    - (3) No 66 – Begrotings proses 2013/14
    - (4) No 67 – Begrotings Proses 2013/14

10. Dat die Raad kennis neem van die kommentaar soos verkry vanaf

- 1- Nasionale Tesourie
- 2- Provinsiale Tesourie
- 3- Raadslede

11. Dat die dokumente aan Nasionale en Provinsiale Tesourie ingehandig sal word op

31 Mei 2013.

## **7. Municipal Managers Quality Certificate**

I, Mr. M Hoogbaard, Municipal Manager of Kannaland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

M HOOGBAARD  
MUNICIPAL MANAGER OF KANNALAND MUNICIPALITY (WC041)

.....  
Signature

.....  
Date